STATE OF NORTH CAROLINA

COUNTY OF HENDERSON

IN THE GENERAL COURT OF JUSTICE
SUPERIOR COURT DIVISION
FILE NO. 26CV001244-440

FUSE 10, LLC, Plaintiff, v. CEDARS LODGE & SPA, L.L.C. and 719NOMAIN LLC, Defendants.	))))))))	DEFENDANTS' OBJECTION TO RECEIVER'S MOTION TO APPROVE SALE OF PROPERTY AND SALE PROCEDURES

DEFENDANTS' OBJECTION TO RECEIVER'S MOTION TO APPROVE SALE OF PROPERTY AND SALE PROCEDURES

Defendants Cedars Lodge & Spa, L.L.C. and 719NOMAIN LLC (collectively, "Defendants"), by and through their undersigned counsel, hereby file this Objection to the Receiver's Motion to Approve Sale of Property and Sale Procedures ("Motion") (ECF No. 42), filed September 3, 2026, by The Liberty Solution, LLC ("Receiver"). In support of this Objection, Defendants respectfully show the Court as follows:

1. Through the Motion, the Receiver seeks Court approval of a sales process for the Property, with Fuse 10, LLC ("Fuse"), the first-lien holder, acting as a stalking horse bidder with a $36 million credit bid under a Purchase and Sale Contract ("PSA").

2. Defendants object to commencement of the sale process at this time because a viable C-PACE financing alternative exists and is under active review by Fuse. On August 31, 2026, Defendants submitted a revised $60 million C-PACE financing proposal from PACE Equity Finance (through Concord Summit Capital as

advisor) that directly addresses Fuse's previously stated conditions by providing (i) a $10 million paydown of Fuse's outstanding balance at closing, and (ii) additional collateral through financing of Phase II townhomes. Fuse is actively reviewing this proposal as of the date of this filing.

I. FACTUAL BACKGROUND

3. Defendant Cedars Lodge & Spa, L.L.C. ("Cedars Lodge") and Defendant 719NOMAIN LLC (collectively, "Defendants") are North Carolina limited liability companies that own eight tracts of land in Hendersonville, Henderson County, North Carolina (the "Real Property"), which are being developed as a high-end residential and hotel condominium complex known as the Fairmont Cedars (the "Project").

4. Plaintiff Fuse 10, LLC is a Delaware limited liability company and private lender. To fund construction of the Project, Cedars Lodge obtained a $32,000,000 construction loan from Fuse (the "Fuse Loan"), evidenced by an October 2022 Revolving Promissory Note and secured by a first priority lien against the Property pursuant to a Deed of Trust, Security Agreement and Fixture Filing recorded at Book 3974, Page 185 of the Henderson County Public Registry (the "Deed of Trust").

5. In addition to the Fuse Loan, Defendants obtained junior financing from Cedars Lodge and Spa EB-5 Funding LLC ("EB-5") in an amount up to $21,000,000, secured by a second priority lien against the Real Property, with an outstanding balance of approximately $8,899,000 as of March 6, 2026. Defendants

also obtained junior financing from TAP 42 EB-5 Funding II, LLC ("TAP") in an amount up to $2,500,000, with an outstanding balance of $2,758,808.32 as of June 22, 2026.

6. Multiple parties, including the general contractor Turner Construction Company ("Turner"), have filed claims of lien against the Real Property for alleged nonpayment of amounts due related to the Project. Turner's claim of lien is approximately $7,000,000. In addition, Cedars Lodge took pre-construction condominium unit purchase deposits from prospective buyers in an aggregate amount of approximately $18,000,000. Additional unsecured creditors of Defendants have collective outstanding balances exceeding $1,535,590. In total, junior liens, claims, and obligations against the Property aggregate approximately $38,000,000 or more.

7. The Fuse Loan matured in December 2025. Defendants failed to repay the Fuse Loan at maturity.

8. On June 24, 2026, this Court entered an Order Appointing Limited Receiver (the "Receivership Order") (ECF No. 19), appointing The Liberty Solution, LLC ("Liberty" or the "Receiver") as a limited receiver over the Property. The Receivership Order grants the Receiver "all the powers and duties of a limited receiver specified in N.C. Gen. Stat. § 1-507.28(a)." Receivership Order ¶ 33.

9. The Receivership Order grants the Receiver authority to sell the Property following notice and a hearing and Fuse approval.

The Proposed Sale

10. On September 2, 2026, the Receiver and Fuse executed a Purchase and Sale Contract, filed as Exhibit A to the Motion (ECF No. 42.2). On September 3, 2026, the Receiver filed the Motion to Approve Sale of Property and Sale Procedures (ECF No. 42), together with a Memorandum of Law in Support (ECF No. 43), the Affidavit of Brian Gribble (the "Gribble Affidavit") (ECF No. 42.3).

11. The PSA provides for a credit bid by Fuse of $36,000,000, to be applied against the outstanding balance on the Fuse Loan. PSA § 2.2. No cash changes hands. The purchase price is satisfied entirely through a credit against the Note, and the PSA does not require Fuse to post any earnest money deposit. The Closing Date is 15 days after entry of the Approval Order. PSA § 1.1.

12. The PSA requires the Court to enter an Approval Order containing the following findings:

(a) Buyer is a "good faith purchaser for value." PSA § 2.4(a).

(b) Buyer's purchase and credit bid are approved. PSA § 2.4(b).

(c) The Receiver is ordered to close on the sale to Buyer no later than December 15, 2026, "provided that no other purchaser outbids Buyer in an amount at least sufficient for Seller to pay Buyer $36 million on the Note, plus broker fees and costs of sale." PSA § 2.4(c).

(d) Buyer is "not a successor in interest to Borrower, Guarantor or any other party." PSA § 2.4(d).

(e) Buyer takes the Property free and clear of all liens and claims, "specifically including" the junior interests of EB-5, TAP, Turner Construction Company, W.N. Kirkland, Benton Roofing, Inc., Power Design, Inc., Baker Concrete Construction, Inc., and RGC Rick Gilchrist Co., Inc. PSA § 2.4(e).

(f) Buyer takes the Property "free and clear of all claims of any third parties who contracted for the purchase of units at the Property and provided pre-construction deposits to Borrower or Guarantor." PSA § 2.4(f).

The Property's Condition and Value

13. The Project was originally designed as a mixed-use luxury residential project consisting of two six-story residential towers surrounding and connecting to the restored historic Cedars hotel building. Construction of one of the residential towers — the "Pisgah Tower" — has commenced and is currently estimated to be approximately 55% complete. Upon completion, the Pisgah Tower is expected to contain 65 luxury residential units together with amenities including a spa, fitness center, restaurant, ballroom, and related common areas. The second residential tower has not advanced beyond the early stages of development and remains unconstructed.

14. No construction activity has occurred on the Project since the appointment of the Receiver.

15. The Receiver's sole valuation evidence is the Gribble Affidavit, which states that "[b]ased upon my review of available information, the as-is value of the Property is approximately $35,000,000." Gribble Aff. ¶ 10(f). The Motion,

however, states that “the as-is value of the Property is approximately $36,000,000 or equal to the credit bid amount.” Motion ¶ 8(f). No independent appraisal has been obtained or submitted in support of the Motion. The estimated cost to complete the Pisgah Tower alone is approximately $35,000,000 to $40,000,000. Gribble Aff. ¶ 10(g).

<u>The Receiver’s Marketing and Broker Engagement</u>

16. On August 31, 2026, the Receiver engaged Marcus & Millichap’s National Hospitality Group (the “Broker”) to market the Property.

17. According to the Motion, the Receiver’s marketing timeline consists of three phases:

(a) Pre-Marketing / Initial Outreach (August 31 – September 18, 2026): During this three-week period, the Property would be photographed and videographed, sales flyers and teaser materials would be prepared, an Offering Memorandum would be drafted, and an outreach campaign would be initiated to targeted investors and buyers. Motion ¶ 15(a).

(b) Active Marketing Phase (September 18 – November 10, 2026): The Property would be listed on regional and national real estate platforms, a Virtual Data Room would be established for qualified investors and buyers who agree to confidentiality agreements, and the Property would be showcased at the 2026 National Lodging Conference held October 5-8, 2026. Motion ¶ 15(b).

(c) Competing Bid Deadline: November 12, 2026. Parties interested in outbidding the PSA must submit a Qualified Bid by 5:00 p.m. (Eastern) on November 12, 2026. To qualify, a competing bid must be all cash, at least $37,000,000, accompanied by a 5% earnest money deposit, and made by a party that has demonstrated financial ability to perform. Motion ¶ 17(a)-(c).

18. Notably, the Motion was filed on September 3, 2026—only three days after the Receiver engaged the Broker on August 31, 2026. At the time of filing, no marketing materials had been prepared, no Offering Memorandum had been drafted, and no outreach to potential buyers had occurred. The entire marketing process from engagement to competing bid deadline spans only 73 days.

The C-PACE Financing Alternative

19. Before the Receiver filed the Motion, the Defendants had been engaged in active negotiations with PACE Equity Finance, LLC ("PACE Equity"), through Concord Summit Capital as financial advisor, for a Commercial Property Assessed Clean Energy ("C-PACE") financing facility to restart and complete the Project.

20. On or about June 15, 2026, PACE Equity issued an executable term sheet for a Phase I C-PACE financing of $35,000,000 for the Pisgah Tower, which was signed by Cedars Lodge and cosigned by Greggory Covin, a principal of the Defendants, on July 9, 2026.

21. In early August 2026, Defendants submitted the initial C-PACE proposal to Fuse for its review and consent. On August 11, 2026, Fuse requested additional collateral or a paydown of the indebtedness.

22. Defendants immediately went back to the C-PACE lender and obtained a revised proposal that directly addressed both of Fuse's stated conditions. On August 31, 2026, Concord Summit Capital submitted to Fuse an updated C-PACE proposal from PACE Equity for a $60,000,000 C-PACE facility across both phases of the Project. A true and accurate copy of the PACE Equity Finance Term Sheet is attached thereto as **Exhibit A** and incorporated herein by reference.

23. The revised C-PACE proposal provides:

(a) $10 million principal paydown of the Fuse Loan at closing.

(b) Fuse's interest is fully reserved for the entire 22-month term through a $6,380,000 interest reserve capitalized into the project budget, plus a $340,000 modification fee paid to Fuse at closing.

(c) Fuse is projected to be repaid in full by month 22 of the project timeline.

(d) $19.3 million of projected cushion remains after net sale proceeds retire all sources of capital.

(e) Phase II adds approximately $84 million of collateral value in the form of 50 Fairmont-branded luxury villas developed in four sequential tranches, in addition to the $10 million paydown, materially improving Fuse's collateral position.

24. The C-PACE development program consists of 123 units across two phases with a combined gross sellout of $171,500,000:

(a) Phase I — Pisgah Tower: 64 residential condominiums and 9 office units, with a projected sellout of $87,500,000 at an average of $1,151 per square foot.

(b) Phase II — 50 Villas: Fairmont-branded luxury villas developed in four sequential tranches (12, 12, 12, and 14 units), with a projected sellout of $84,000,000 at an average of $837 per square foot.

25. PACE Equity Finance is a substantial institutional lender backed by Aquarian Holdings, a $25 billion AUM diversified global holding company. PACE Equity has funded over $1 billion across more than 200 C-PACE projects nationwide.

The Receiver's Characterization of Refinancing Efforts

26. The Motion states: "On or about August 18, 2026, the Receiver was notified that all efforts to refinance the Project had failed." Motion ¶ 6; Gribble Aff. ¶ 8.

27. This characterization is not accurate. What occurred on August 11, 2026 was not a failure of refinancing efforts, but a rejection by Fuse of a specific C-PACE structure because it lacked a principal paydown and additional collateral. The revised C-PACE proposal, which directly addresses both of Fuse's stated conditions, was submitted to Fuse on August 31, 2026 — thirteen days after the date the Receiver claims refinancing efforts had "failed."

28. The Defendants do not dispute that the C-PACE financing would require approximately four to six months to close, during which time default interest on the Fuse Loan would continue to accrue. The C-PACE proposal, however, accounts for this carrying cost: the project budget includes a $6,380,000 interest reserve that fully covers Fuse's interest at 14.5% on the reduced $24,000,000 balance for the full 22-month term.

II. ARGUMENT

A. The Court Should Not Approve a Sale Process Until the C-PACE Financing Negotiations Have Run Their Course

29. Defendants have secured a $60 million C-PACE financing proposal from PACE Equity Finance that presents a comprehensive, viable alternative to the credit bid. This alternative would preserve the Property, complete construction, honor existing condominium purchase agreements, satisfy creditors including junior lienholders, and avoid the total destruction of approximately $38 million in junior claims.

30. The proposed C-PACE financing would fund a 123-unit development across two phases with a combined gross sellout of $171.5 million. Phase I (Pisgah Tower) contemplates 64 residential condominiums and 9 office units with a projected sellout of $87.5 million. Phase II contemplates 50 Fairmont-branded luxury villas with a projected sellout of $84 million.

31. The C-PACE financing structure specifically addresses every concern that Fuse has articulated. At closing, $10 million of the Fuse Loan would be

paid down. Fuse's interest would be fully reserved for the entire 22-month construction term through a $6.38 million capitalized interest reserve. A $340,000 modification fee would be paid to Fuse at closing. Phase II would add approximately $84 million in collateral value, materially improving Fuse's security position.

32. Project modeling shows Fuse would be fully repaid by month 22, with a $19.3 million cushion remaining after all capital sources are retired. Fuse would receive the return of its entire investment plus interest—a superior outcome to a credit bid that merely converts its debt position into an ownership stake in an incomplete development.

33. The revised C-PACE proposal, submitted to Fuse on or about August 31, 2026, directly addresses both of Fuse's stated conditions: it includes a $10 million principal paydown and finances additional townhomes as added collateral.

34. PACE Equity Finance is not a speculative lender. It is a substantial institutional C-PACE lender backed by Aquarian Holdings, a $25 billion AUM holding company. PACE Equity Finance has funded over $1 billion across more than 200 C-PACE projects. The lender issued an executable term sheet for Phase I ($35 million) dated June 15, 2026, which was signed by Cedars Lodge & Spa, LLC and cosigned by Greggory Covin on July 9, 2026. A second indicative term sheet for Phase II ($29.4 million) was issued on August 31, 2026.

35. The NCCRA does not require, or even contemplate, a forced sale when viable alternatives exist. To the contrary, the Receiver's statutory duty is to "act in the best interests of the receivership and the receivership property." N.C. Gen.

Stat. § 1-507.28(c)(5). Proceeding with a sale process while a $171.5 million development plan with institutional financing is under active review by Fuse may not be in the best interests of the estate.

36. The existence of the C-PACE alternative also undermines the Receiver's argument that the credit bid represents the best available outcome for the estate. If the C-PACE financing closes, every creditor class would be better served: Fuse would receive full repayment plus interest, junior lienholders would have the opportunity for recovery, condominium purchasers' deposits would be honored, and the development would be completed, preserving jobs, economic value, and the expectations of all parties who invested in this project.

37. This Court is not required to accept the Receiver's characterization that the credit bid is the only option available. The evidence before the Court demonstrates that a substantial institutional lender has committed to a $60 million financing facility, that the revised proposal addresses Fuse's stated objections, and that Fuse is actively reviewing the proposal.

38. Defendants respectfully submit that the prudent course is to continue the hearing for a period of not less than 90 days to allow the C-PACE financing to be finalized and to determine whether the Property can be preserved for the benefit of the estate and all creditors.

39. Approving an irrevocable sale while a viable alternative that could generate $171.5 million in gross proceeds is under active consideration may not

serve the best interests of Defendants, junior lienholders, condominium purchasers, or the estate itself.

B. In the Alternative, the Court Should Modify the Relief to Allow the Receiver to Terminate the PSA If the C-PACE Financing Closes

40. If the Court is inclined to permit the sale process to go forward on a parallel track with the C-PACE financing negotiations, Defendants request that the Court modify the relief requested in the Motion to allow the Receiver to terminate the PSA if the C-PACE financing comes to fruition. This modification would preserve the benefit of the sale process while protecting the estate and all creditors from the loss that would result if an irrevocable sale is approved while a superior alternative remains viable.

41. In addition, Defendants request that the Court allow for a longer sales process with additional marketing, which would maximize the value obtained for the estate and provide additional time for the C-PACE financing to close.

C. As a Further Alternative, the Court Should Extend the Marketing Period to Properly Expose the Property to the Market

42. The timeline set forth in the Motion is insufficient to maximize value for the estate. The Receiver engaged the Broker on August 31, 2026, and filed the Motion only three days later, on September 3, 2026. Motion ¶ 15. At the time the Motion was filed, the marketing process had barely begun: no photographs or videos of the Property had been taken, no sales flyers or teaser materials had been prepared, no Offering Memorandum had been drafted, and no outreach to targeted investors or buyers had occurred. Motion ¶ 15(a).

43. The Competing Bid Deadline of November 12, 2026 gives prospective purchasers only approximately eight weeks from the time the Property is listed on regional and national real estate platforms (September 18, 2026) to conduct due diligence, secure financing, and submit a Qualified Bid of at least $37,000,000 in cash accompanied by a 5% earnest money deposit. Motion ¶ 15(b), 17(c). For a complex, partially completed luxury condominium development with an estimated completion cost of $35-40 million, this timeline is unrealistic for any buyer other than a distressed asset specialist or an opportunistic investor seeking to acquire the Property at a discount.

44. The Property is a unique and complex asset. It consists of eight parcels of real property, a partially completed 65-unit luxury residential tower, a historic hotel building requiring substantial rehabilitation, development rights and entitlements for a second residential tower, and associated personal property. Gribble Aff. ¶ 10. The estimated cost to complete the Pisgah Tower alone is $35,000,000 to $40,000,000. Gribble Aff. ¶ 10(g). A prospective purchaser would need to engage construction consultants, environmental engineers, hospitality analysts, and legal counsel to properly evaluate the opportunity. The compressed timeline makes such due diligence virtually impossible.

45. The Receiver's statutory duty under the NCCRA is to "act in the best interests of the receivership and the receivership property." N.C. Gen. Stat. § 1-507.28(c)(5). The Receiver's fiduciary duty to the estate requires maximizing value for the benefit of all creditors, not merely accepting the first stalking horse bid that

presents itself. While Fuse may prefer a rapid sale process that minimizes carrying costs, the interests of junior lienholders, condominium deposit holders, and other creditors—whose claims total approximately $38 million—must also be considered.

46. The Motion acknowledges that the Receiver engaged the Broker "to market the Property pursuant to a targeted marketing campaign designed to engage high net worth hospitality investors, major institutional investment funds, and regional developers with private equity backing." Motion ¶ 14. These are precisely the types of sophisticated purchasers who require adequate time to evaluate a complex development opportunity. Institutional investors and private equity funds typically have investment committee approval processes that extend beyond the eight-week window provided by the current timeline.

47. Defendants respectfully request that the Court extend the Competing Bid Deadline by at least 60 to 90 days to allow the Property to be properly exposed to the market and to give prospective purchasers adequate time to conduct due diligence, secure financing, and submit competitive bids.

WHEREFORE, Defendants Cedars Lodge & Spa, L.L.C. and 719NOMAIN LLC respectfully request that the Court enter an Order:

1. Continuing the hearing on the Motion until the C-PACE financing negotiations have run their course;

2. In the alternative, if the Court is inclined to permit the sale process to proceed, modifying the relief requested in the Motion to allow the Receiver to terminate the PSA if the C-PACE financing closes;

3. As a further alternative, extending the Competing Bid Deadline by at least 60 to 90 days to allow the Property to be properly exposed to the market and to give prospective purchasers adequate time to conduct due diligence, secure financing, and submit competitive bids;

4. Granting such other and further relief as this Court deems just and proper.

Respectfully submitted, this 14th day of September, 2026.

/s/ Paul A. Fanning
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CERTIFICATE OF SERVICE

I hereby certify that on this 14th day of September, 2026, I caused a copy of the foregoing Defendants' Objection to Receiver's Motion to Approve Sale of Property and Sale Procedures to be served on all counsel of record via the Court's electronic filing system and/or electronic mail as follows:

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EXHIBIT A

Fairmont Heritage Place Residences

Executable Term Sheet

Prepared for Cedars Lodge & Spa, LLC

$1B+	200+	9.5 / 10	$25B AUM
FUNDED	PROJECTS COMPLETED	CLIENT SATISFACTION	PARENT COMPANY BALANCE SHEET

PACE EQUITY FINANCE

Financing

The Project	Mid-Construction of the Fairmont Heritage Residences, a 73-unit luxury condominium in Hendersonville, North Carolina. 64-units will be residential condominiums and 9 units will be office condominiums.
Client	Cedars Lodge & Spa, LLC
Cosigner – Term Sheet	Greggory Covin
Local PACE Program	North Carolina C-PACE
Total Amount Financed	$35,000,000 — includes Direct Costs, all fees, closing expenses, and capitalized interest as defined herein.
Direct Costs	$30,725,769 — disbursed to the project.
Property Value	$100,000,000 – estimated value at completion, to be confirmed via the appraisal. Anticipated PACE to Value: 35%.
Term	30 years. This excludes the capitalized interest period. Term is subject to meeting or exceeding the useful life of the installed measures.
Interest Rate	The greater of 275 bps plus the 10-year UST or 6.8%. The interest rate will be locked 7–14 days before closing.
Capitalized Interest	Interest reserve included in the Total Amount Financed. No payments due between closing and first payment date.
Interest Only - Current Pay	1 year. Following the Interest Only period the outstanding balance will fully amortize over the remainder of the Term.
Funding Method	At closing, PACE Equity Finance locks the interest rate and funds transaction and closing costs from the Total Amount Financed. Direct Cost fundings will be released monthly per the agreed-upon Disbursement Schedule, after Sponsor equity is fully invested. Interest is charged on the funds which have been advanced.
Estimated Disbursement Schedule	PACE Equity will paydown the Fuse construction loan at closing, with a maximum paydown of 35% of as-is value (as established from a new appraisal), the sponsor will inject $5M of equity, and then PACE Equity will fund pro-rata thereafter with Fuse.
Estimated Closing Date	September 15, 2026
First Payment	May 30, 2028 — first tax payment after construction; subject to local program calendar.
Payment Dates	Semiannual: May 30 and November 30.
Repayment Terms	Paid as a special assessment on the property over the duration of the self-amortizing repayment period.
Date of Issuance	June 15, 2026

Fees & Expenses

Lender Origination Fee	1.00% of Total Amount Financed
Rate Lock Hedge Expense	0.25% - locks the interest rate on future monthly disbursements for up to 24 months
Project Development & Engineering	$25,000 – this is for PACE Equity Finance to complete all local C-PACE district approvals, the required energy report and equipment life calculations necessary in order to close
Local PACE Program Costs	The North Carolina C-PACE Program stipulates program administration costs calculated as follows: A one-time processing fee of 1.00% of the Total Amount Financed (subject to a cap of $25,000), plus a fixed application fee of $750 and a fixed Government fee of $500, will be paid up front at closing.
Advisory Fee	2% of Total Amount Financed - paid to Concord Summit Capital
Annual Servicing Fee	$1,200
Legal & Closing Expenses	$55,000 - PACE Equity Finance will not engage legal counsel and incur expenses until authorized in writing or email by the Client to proceed to closing, at which time the Legal & Closing Deposit is due. Legal costs will be actual expenses included in the Total Amount Financed. PACE Equity Finance is authorized to incur up to $5,000 of costs for the setup/approval of the project with the city. PACE Equity shall cap transaction expenses at $15,000 through the completion of Phase 2.
Good Faith Deposit Phase 1	$15,000 is due with the execution of this Agreement for program engagement. This deposit is refundable at closing but non-refundable if the project does not close. PACE Equity has not budgeted for any third-party reports. Any reports required and not provided by the lender shall be a separate deposit for 100% of the cost of said report. This can be added to closing costs and refunded at closing.
Legal & Closing Deposit Phase 3	$27,500 at the completion of underwriting and due upon Client’s approval to close
Prepayment	3% year 1, 1% years 2–4, with no penalty thereafter.
Minimum Interest	A minimum interest period of twelve (12) months applies to the full Total Amount Financed. Should the balance be prepaid prior to the expiration of this period, Client remains obligated for all interest that would have accrued through such date, less any capitalized interest incurred, in addition to any applicable prepayment penalty.

Project Capital Stack and PACE Equity Finance Funding Uses

The proposed capital stack is illustrative and based on information to date. The final sources and uses will be verified and finalized during due diligence.

Source		Amount	%
PACE Equity	$	35,000,000	31%
Construction Loan - Fuse	$	34,000,000	30%
Equity - Buyer Deposits Capitalized	$	19,807,418	17%
Sponsor Equity	$	13,862,194	12%
EB5 Equity	$	10,000,000	9%
GC Subordination	$	1,500,000	1%
Total	$	114,169,612	100%

Cost to Complete:

Source		Amount	%
PACE Equity	$	35,000,000	70%
Sponsor Equity	$	4,862,194	10%
Equity - Buyer Deposits Capitalized	$	2,500,000	5%
Funding to come after TCO	$	6,000,000	12%
GC Subordination	$	1,500,000	3%
Total	$	49,862,194	100%

Total Amount Financed (TAF)	$35,000,000
Direct Costs	$30,725,769
Lender Origination Fee	$350,000
Project Development & Engineering	$25,000
Hedging Cost	$87,500
Advisory Fee	$700,000
Legal & Transaction Cost	$55,000
Local C-PACE Program Fee	$26,250
Capitalized Interest	$3,030,481
Annual Assessment Total	**$2,892,993**
P&I (after IO period)	$2,891,793
PACE Equity Servicing	$1,200

Underwriting & Conditions to Close

The proposed financing is subject to investment committee approval and the completion of underwriting, due diligence and customary closing conditions, including, but not limited to, the following:

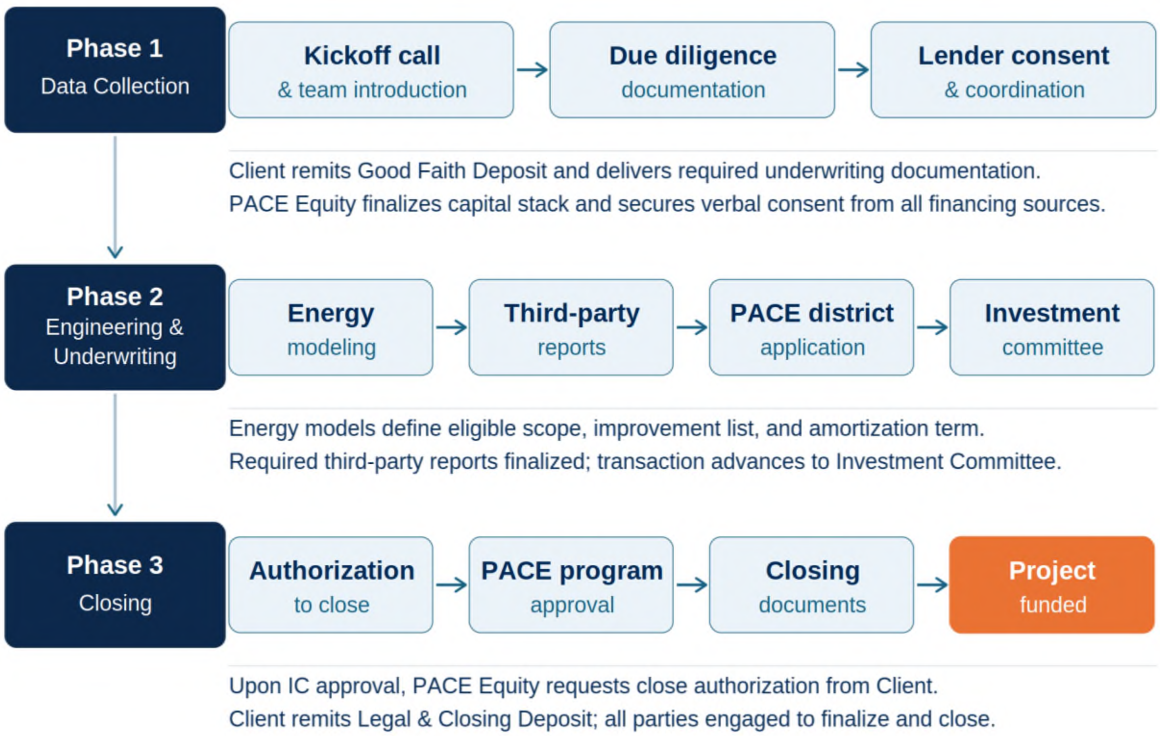
Sponsor Experience Satisfactory review of sponsor experience with comparable developments, operating history, and execution capability.

Satisfactory background check of all principals and sponsor(s). Sponsor(s) shall not have a material history of property tax

	delinquencies, bankruptcies, foreclosures or tax liens. The subject property shall not have any tax delinquencies, bankruptcies or foreclosures during the sponsor ownership period.
Financial Review	Satisfactory review of complete sources and uses, development budget, GMP/construction contracts, and construction schedule. Evidence that all funds necessary to complete construction/stabilization are committed prior to closing, including confirmation of all equity required and the full availability of any construction or bridge loans. A sell out model demonstrating sufficient carry, operating deficit, and interest reserves to achieve stabilization. A FIRREA compliant appraisal dated within 18 months of closing. 10% minimum cash equity. Cash equity includes land contribution, cash equity, tax credits, key money, grants, and a deferred developer fee capped at 2% of project cost, provided that any source of equity must be available at closing. Land contributions are valued at purchase price if acquired in the prior 24 months, subject to any value creation from entitling or as-is value per the appraisal if >24 months.
Condo Projects	The appraisal shall include an alternative use section, running the project for a hotel and specifically provide a proforma and NOI. PACE Equity shall utilize this for its DSCR analysis. All proceeds must be available for disbursement at closing, there cannot be a source of funds from sales during the construction period, unless backstopped by equity. PACE Equity shall utilize 1 assessment agreement on one parcel that applies to all units and shall include a schedule which apportions the assessment by unit for prepayment purposes. A debt service reserve shall be established sufficient to cover principal and interest expense associated with any unsold units. At each sale, prepayment is required, the greater of $650 psf or 65% of net proceeds, with the balance goes to the lender, until PACE Equity is fully paid off.
Construction Review	A GMP contract from a general contractor with demonstrated experience in projects of comparable scope and complexity, including commensurate contingency. Standard contingency requirements are 5% for new construction and 10% for gut rehabs. All required permits issued and entitlements final prior to closing. A completion guarantor acceptable to PACE Equity Finance. Standard requirement is net worth equal to the total project secured debt and liquidity of 10% of that amount. Additionally, a personal guarantee shall be required to backstop the $6m of finish costs that will be incurred post C/O.
Lender Consent & Insurance	All secured debt holders shall provide a written form of acknowledgement and consent to the CPACE assessment. Project shall procure customary insurance acceptable to PACE Equity Finance, including builder's risk during construction and commercial general liability and property/all-risk coverage post-completion, with PACE Equity Finance named as additional insured.

Environmental	A Phase I environmental assessment dated within 24 months of closing. Any REC must have a documented approved plan to obtain closure or CREC status, generally through a Phase II and engagement with the appropriate local regulatory body. PACE Equity Finance reserves the right to request a Phase II.
Title	A clean title report showing no outstanding mortgages, liens or non-standard encumbrances, outside of items to be cleared by closing or contemplated to work with PACE Equity Finance. All property taxes shall be current.
Disbursements	At closing, PACE Equity Finance shall paydown Fuse to lower their carry, which shall be capped at 35% of as-is value, as determined by the appraisal. After $5M of equity is fully injected, PACE Equity Finance shall fund its direct costs on a monthly set draw schedule determined with the sponsor and lender. Funding shall be pro-rata with the remaining sources, net of interest reserves and carry. All fundings shall include the interest carry (capitalized interest) on the total drawn amount through the dates contained herein. Sponsor shall submit monthly inspection reports and sworn statements, and shall remain in balance during the construction period.
Key Financial Considerations	Final C-PACE proceeds not to exceed the lesser of: (i) eligible CPACE costs, as defined by the energy audit; (ii) 35% of as-complete LTV; (iii) 95% combined LTV of all secured debt; or (iv) minimum 1.15x projected DSCR at stabilization, calculated on all secured debt using permanent rates for non-CPACE sources. Inputs include current market data, appraisal, sponsor model, and rent roll / audited financials where applicable.
Local CPACE Approvals	Approval of the Local CPACE Program is required. Each local program has unique requirements that PACE Equity Finance shall work with the sponsor to meet. Local programs may change or add fees prior to closing with no notice; all program costs will be marked to actual. Add anything notable on the program here.

Transaction Process



We look forward to working with you on this project. Should the terms be acceptable, please sign below and return a copy via email.

Sincerely,

Ethan L. Elser
Executive Vice President, Principal
Head of Institutional Transactions
PACE Equity Finance, LLC

Reviewed and Accepted **Cedars Lodge & Spa, LLC** By: Gregg Covin Signature: Title: Manager, Cedars Lodge & Spa LLC Date: 7/9/2026	**Reviewed and Accepted** **Cosigner: Greggory Covin** By: Gregg Covin Signature: Title: Manager, Cedars Lodge & Spa LLC Date: 7/9/2026

Terms and Conditions

PACE Equity is pleased to present a Term Sheet (“Agreement”) for a financing using Commercial Property Assessed Clean Energy (“C-PACE”). The availability of funding, pricing, terms, and conditions are based on information provided to date. This Agreement shall expire on June 30, 2026, without signature.

Either party shall have the right to terminate this Agreement by giving at least 14 days written notice. Upon termination, Client agrees to pay PACE Equity’s actual costs incurred to date, subject to the caps contained in the Agreement. Client may terminate this Agreement without a termination fee, provided termination is due to (i) project cancellation, (ii) a lender's refusal to consent to PACE Equity financing, (iii) like kind circumstances outside Client's control or (iv) PACE Equity’s failure to perform its obligations under this Agreement. If Client terminates for any other reason, a termination fee of 1% of the Proposed Amount (the "Termination Fee") shall be due to PACE Equity. Client shall pay such incurred transaction costs and, if applicable, the Termination Fee, to PACE Equity within 30 days of receipt of invoice. PACE Equity will credit Client any prior refundable deposits to the amount due.

The Client acknowledges that PACE Equity is not advising Client as to any legal, tax, investment, accounting, regulatory, assessment pass-through capability, or any other matters in any jurisdiction. If the Closing Date is not met for any reason, PACE Equity reserves the right to change the Interest Rate. PACE Equity's agreement to perform as described herein are subject to (a) there not occurring or becoming known to PACE Equity any event, development or circumstance that has or could reasonably be expected to have a material adverse effect on the business, operations, property, condition (financial or otherwise) or the prospects of the Client, (b) PACE Equity's completion and satisfaction with due diligence of the Client and the Project, and (c) Investment Committee Approval. PACE Equity shall select a date to lock the rate and to finalize the closing documents.

The information contained herein is: (a) confidential and may not be reproduced, distributed or disclosed to anyone other than the intended recipient and its legal, financial and accounting advisors for the sole purpose of analyzing the proposed financing, (b) preliminary and does not contain all of the information the parties may need to fully evaluate the proposed financing, (c) replaces all information relating to the financing that has previously been discussed or exchanged, and (d) will be superseded by any written amendments or final documentation executed by both PACE Equity and the Client. The confidentiality obligations under this Agreement shall survive the expiration or termination of this Agreement for a period of 2 years.

Notwithstanding anything to the contrary contained in this Contract, PACE Equity’s aggregate liability arising from this Agreement shall not exceed the fees received from Client pursuant to this Agreement. In no event shall the Client or PACE Equity be liable to each other for damages for loss of profits, loss of use, loss of revenue, loss of bonding capacity, or any other economic, special, indirect or consequential damages of any kind, other than the actual costs incurred by PACE Equity and, as provided above, Client’s obligation to pay PACE Equity the Termination Fee. The parties agree that the terms contained herein are fair and reasonable.

This Agreement shall be governed by the laws of the State of Wisconsin, without giving effect to any other choice or conflict of law provision. Any controversy or claim arising out of or relating to this Agreement, or the breach thereof, shall be settled by arbitration administered by the American Arbitration Association in accordance with its Commercial Arbitration Rules, and judgment on the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof. PACE Equity shall be entitled to any attorneys’ fees and costs or collection costs required to enforce this Agreement.

This Agreement represents the entire agreement between the Parties and supersedes all prior negotiations, representations or agreements between the Parties, either written or oral. These commitments set forth herein shall not be assignable without the prior written consent of PACE Equity or Client. In cases where the Client is a special purpose entity or otherwise does not have an operating history, PACE Equity may require an Agreement Cosigner ("Cosigner") on behalf of Client. In these cases, the Cosigner is a party to and must approve this Agreement. If the Client is unable or fails to meet the obligations of this Agreement, the Cosigner shall be required to meet the Client’s obligations stated in this Agreement. The full terms and conditions of this Agreement apply to the Cosigner. PACE Equity has the right to request a Cosigner or additional Cosigner upon review of the creditworthiness of the Client and Cosigner.

PACE EQUITY FINANCE

Firm Overview

PACE Equity Finance is a leading direct balance sheet lender and project developer of CPACE (Commercial Property Assessed Clean Energy) financing across major CRE asset classes. We fund ground-up development, adaptive reuse, major renovations, and recapitalizations of recently delivered projects on a national basis.

Our capital provides long-term, fixed-rate capital solutions for sponsors. Founded in 2014, PACE Equity Finance has been at the forefront of the industry, helping sponsors reduce cost of capital, improve leverage, and enhance project returns through strategic use of C-PACE financing.

In 2024, PACE Equity Finance joined Aquarian Holdings, a $25 billion AUM diversified global holding company with a portfolio of insurance and asset management solutions, further enhancing our platform and creating more strategic solutions for our clients.

Advantages of PACE Equity Finance

1 INSTITUTIONAL CAPITAL STRENGTH

Backed by a scaled institutional capital platform providing direct balance sheet capital, enabling in-house approvals, streamlined decision-making, and greater certainty of execution without reliance on third-party sources.

2 FULL DEBT STACK SOLUTIONS

Ability to pair C-PACE with senior construction or bridge capital through in-house channels or established lending relationships.

3 MARKET-LEADING STRUCTURING EXPERTISE

With $1+ billion funded across 200+ C-PACE projects, we provide deep experience structuring for construction, lease-up, recapitalization, and complex multi-source capital stacks.

PACE Equity Finance funded the first C-PACE transactions for new construction, tax credit, and refinancing.

4 EXECUTION CERTAINTY

Vertically integrated in-house engineering, underwriting, and transaction management platform designed to deliver speed, transparency, and closing certainty. Our in-house engineering team controls the key driver of C-PACE proceeds and amortization, providing sponsors upfront surety of execution. Our expertise has led to a 9.5/10 in client satisfaction.

$1B+	200+	9.5 / 10	$25B AUM
FUNDED	PROJECTS COMPLETED	CLIENT SATISFACTION	PARENT COMPANY BALANCE SHEET

TYPICAL USES OF CAPITAL

- New construction
- Renovation / repositioning
- Office-to-residential and adaptive reuse conversions
- Recently delivered (prior 2-3 years) development refinancing
- Cost overrun solutions
- Equity recapitalizations
- Sustainable building improvements

WHY SPONSORS CHOOSE C-PACE

- Substantially lower cost of capital than non-bank lenders, mezz, and pref.
- Blend higher cost sources to reduce WACC
- Flexibility to fund throughout the life cycle: at construction loan closing, mid-construction or up to 3 years post CO
- Add additional capital to the stack, fill a gap
- Avoid capital calls for cost overruns or working capital needs
- Pair with tax credits and other complex sources
- Flexible, long-term, non-recourse financing that runs with the land and is prepayable to achieve your business plan.

555 E Wells Street, Ste. 1510 | Milwaukee, WI 53202 | 336.494.5185 | LearnMore@PACE-Equity.com

PACE EQUITY FINANCE

Indicative Term Sheet August 31, 2026

David Larson & Keegan Burger
Managing Director & Director
Concord Summit Capital

Re: Fairmont Heritage Place Phase 2 - 50 Villas | Hendersonville, NC | New Construction

Thank you for your interest in PACE Equity Finance funding for the above-referenced project. Subject to investment committee approval and customary diligence, PACE Equity Finance is pleased to provide the following indicative terms. This proposal is non-binding and not a commitment to lend.

Project	New construction of Fairmont Heritage Place Phase 2 - 50 Villas in Hendersonville, NC.
Total Amount Financed	$26,237,757 — includes direct costs, transaction costs, and capitalized interest.
Direct Costs	$29,383,200 — disbursed to the project.
Funding Parameters	Our funding is based on a maximum C-PACE scenario for the project. At this time, we believe our limiting factor is our LTV cap of 35% value at completion, which we are estimating to be $83.95m based on the average market villa sales price/sf.
Term	30 years, excluding capitalized interest period; weighted average life of funded improvements.
Interest Rate	275 + 10-yr UST, with a minimum of 6.80%. Rate fixed shortly before closing and locked for the full term. No rate reset or balloon.
Capitalized Interest	Interest reserve included in total amount financed. No payments due between closing and first payment date.
Interest Only	Interest only (current pay) for 1 year following the capitalized interest period. Principal then fully amortizes over the remaining term.
Funding Method	At closing, PACE Equity Finance locks the interest rate for phase 1 and funds closing costs for both phases, then disburses monthly after equity for up to 24 months. Unlike traditional C-PACE — funded in a lump sum or unhedged tranches — this structure locks the rate while materially reducing construction interest.
Estimated Closing	May 1, 2027.
First Payment	May 30, 2029 — first tax payment after construction; subject to local program calendar.
Payment Dates	Semiannual: May 30 and November 30.
Prepayment	3% year 1; 1% years 2-4; par thereafter. Begins at closing. Other options available.
Minimum Interest Period	1 year on the Total Amount Financed
Lender Origination Fee	1.00% of total amount financed.
Project Development & Engineering	$25,000 — covers PACE Equity Finance's full transaction and energy team; all in-house deliverables for C-PACE approval.
Hedging Cost	.25% of total amount financed – cost for interest rate at closing for construction draws
Legal & Transaction	$45,000 — estimated.
3rd-Party Capital Advisor	2.00% paid to Concord Summit Capital.
Local C-PACE Program	A one-time processing fee of 1.00% of the Total Amount Financed (subject to a cap of $25,000), plus a fixed application fee of $750 and a fixed Government fee of $500m will be paid upfront at closing.

Key Underwriting Requirements

The information contained herein is based on information received to date and subject to full due diligence and investment committee approval. Below are key underwriting criteria that PACE Equity Finance will utilize during diligence:

SPONSOR EXPERIENCE	Satisfactory review of sponsor experience with comparable developments, operating history, and execution capability. Sponsor(s) shall not have a material history of property tax delinquencies,

	bankruptcies, foreclosures, or tax liens. The subject property shall not have any tax delinquencies, bankruptcies, or foreclosures during the sponsor ownership period.
FINANCIAL REVIEW	Satisfactory review of complete sources and uses, development budget, GMP/construction contracts, and construction schedule. Evidence that all funds necessary to complete construction and stabilization are committed prior to closing, including confirmation of all equity required and the full availability of any construction or bridge loans. Lease-up model demonstrating sufficient carry, operating deficit, and interest reserves to achieve stabilization. A FIRREA-compliant appraisal dated within 18 months of closing. PACE Equity will require an additional $1m of cash equity to be injected into the project (inclusive of phase 1), bringing the total new equity injection to $6m. For the staggered “Villa Tranche” construction, PACE Equity will close once the deposit hurdle of each “Tranche” is met and a full capital stack is available. PACE Equity will require the Villa deposit equity to be fully injected before disbursements begin.
CONDO PROJECTS	The appraisal shall include an alternative use section, running the project for a hotel or multifamily and specifically provide a proforma and NOI. PACE Equity shall utilize this for its DSCR analysis. All proceeds must be available for disbursement at closing, there cannot be a source of funds from sales during the construction period, unless backstopped by equity. PACE Equity shall utilize 1 assessment agreement on one parcel that applies to all units and shall include a schedule which apportions the assessment by unit for prepayment purposes. A debt service reserve shall be established sufficient to cover principal and interest expense associated with any unsold units. At each sale, prepayment is required, the greater of $650 psf or 65% of net proceeds, with the balance going to the lender, until PACE Equity is fully paid off.
CONSTRUCTION REVIEW	A GMP contract from a general contractor with demonstrated experience in projects of comparable scope and complexity, with commensurate contingency. Standard contingency requirements are 5% for new construction and 10% for gut rehabs. A full recourse guarantor acceptable to PACE Equity Finance, with net worth equal to total project secured debt and liquidity of 10% of that amount.
ENVIRONMENTAL	A Phase I environmental assessment dated within 24 months of closing. Any REC must have a documented approved plan to obtain closure or CREC status. PACE Equity reserves the right to request a Phase II.
KEY FINANCIAL CONSIDERATIONS	Final C-PACE proceeds not to exceed the lesser of: eligible C-PACE costs per the energy audit; 35% of as-complete LTV; or 95% combined LTV of all secured debt. Minimum 1.15x projected DSCR at stabilization, calculated on all secured debt using permanent rates for non-C-PACE sources.
LOCAL CPACE APPROVALS	Approval of the local C-PACE program is required. Each local program has unique requirements that PACE Equity Finance shall work with the sponsor to meet. Local programs may change or add fees prior to closing; all program costs will be marked to actual.

PACE Equity Finance Funding Summary and Uses of CPACE Proceeds

Total Amount Financed (TAF)	$29,383,200
Direct Costs	$26,237,757
Lender Origination Fee	$293,832
Project Development & Engineering	$25,000
Hedging Cost	$73,458
Advisory Fee	$587,664
Legal & Transaction Cost	$45,000
Local C-PACE Program Fee	$26,250
Capitalized Interest	$2,094,239
Annual Assessment Total	**$2,476,481**
P&I (after IO period)	$2,475,281
PACE Equity Servicing	$1,200

Project Capital Stack

Source	Amount	%
PACE Equity - Phase 1	$ 30,636,006	17%
PACE Equity - Phase 2	$ 29,383,200	17%
Construction Loan - Fuse	$ 34,000,000	19%
Pisgah Buyer Deposits	$ 29,807,418	17%
Villa Presale Deposits	$ 12,552,593	7%
EB5 Equity	$ 10,000,000	6%
Sponsor Equity (Spent-to-Date)	$ 9,000,000	5%
New Sponsor Equity	$ 6,503,138	4%
Existing Villa Deposits	$ 2,393,600	1%
GC Subordination	$ 7,399,377	4%
Finish Costs for Phase 1 (Post Phase 1 CO)	$ 6,000,000	3%
Total	$ 177,675,332	100%

Cost to Complete:

Source	Amount	%
PACE Equity - Phase 1	$ 30,636,006	29%
PACE Equity - Phase 2	$ 29,383,200	27%
Villa Presale Deposits	$ 12,552,593	12%
Pisgah Buyer Deposits	$ 12,500,000	12%
GC Subordination	$ 7,399,377	7%
New Sponsor Equity	$ 6,503,138	6%
Finish Costs for Phase 1 (Post Phase 1 CO)	$ 6,000,000	6%
Existing Villa Deposits	$ 2,393,600	2%
Total	$ 107,367,914	100%

Note – The $12.5m of “Pisgah Buyer Deposits” are existing Phase 1 deposit holders reupping their contracts, to be in at closing.

The proposed capital stack is illustrative and based on information to date. The capital stack will be reviewed upon underwriting and will be marked to actual.

Next Steps

1

TERM ALIGNMENT

Indicative term sheet issued. Sponsor feedback on terms; submission of additional information.

2

ENGAGEMENT & UNDERWRITING

Executable term sheet with good-faith deposit. Energy engineering, financial review, senior lender coordination, IC approval.

3

CLOSING & FUNDING

Authorization to proceed and second deposit against legal. Counsel engaged; close and fund the C-PACE financing.

These terms expire 14 days after issuance. *Acceptance commences full underwriting, energy engineering, and due diligence.*

We look forward to working with you to finance this project.

Sincerely,

Ethan L. Elser
Executive Vice President, Principal | Head of Institutional Transactions
ethan@pace-equity.com | (414) 446-3645